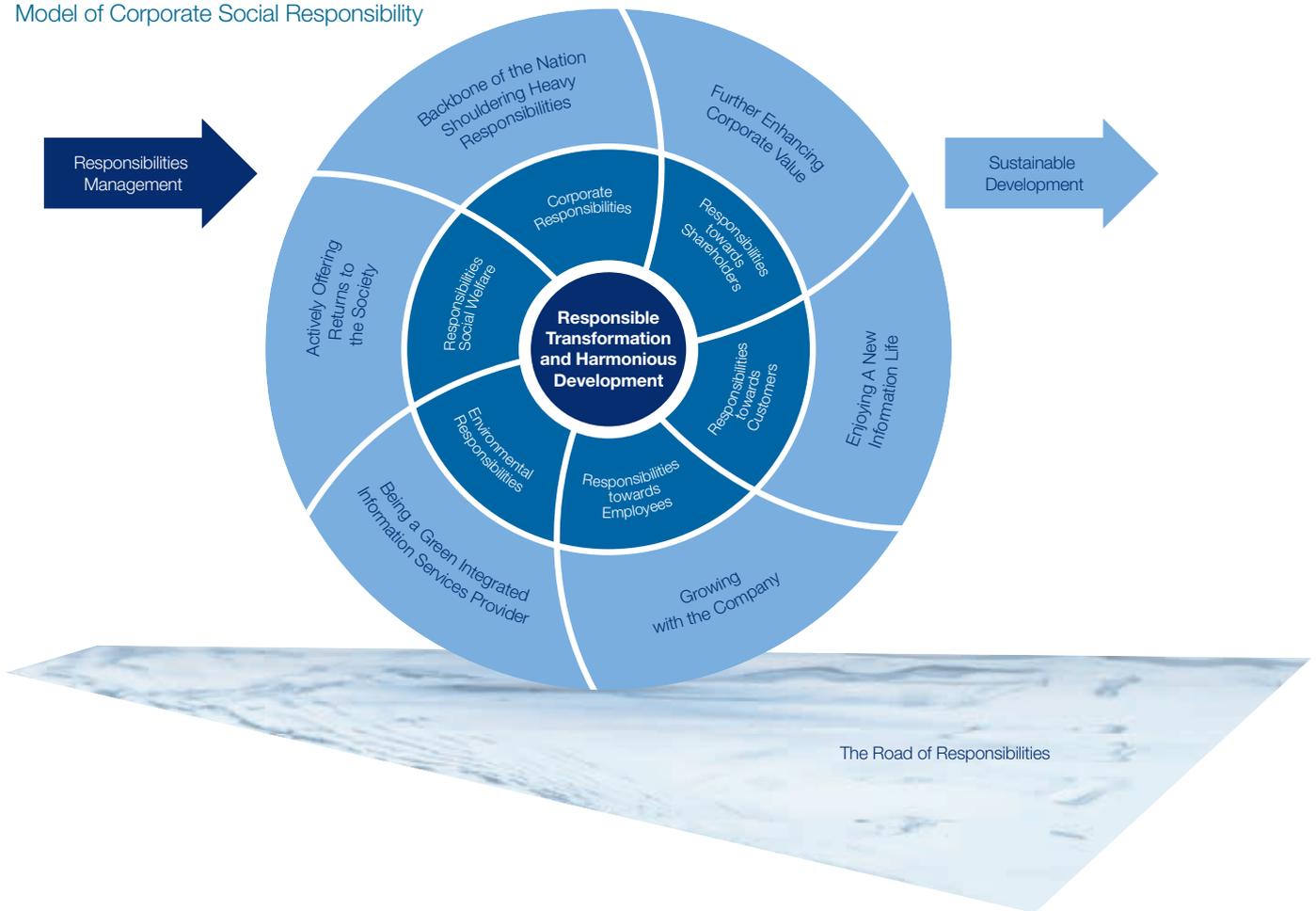


# Corporate Social Responsibility Report

By adhering to the core philosophy of “comprehensive innovation, pursuing truth and pragmatism, respecting people and creating value all together”, China Telecom persevered in the fulfillment of its responsibilities to stakeholders, further promoted enterprise transformation and continued to enhance its comprehensive corporate value. In 2013, China Telecom was ranked 14th in “Fortune China CSR Ranking 2013” by *Fortune China* magazine, which jumped from its previous ranking of the 39th. China Telecom was also first accredited as one of the “Top 25 Most Responsible Companies”.

Model of Corporate Social Responsibility



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## I. Operating with integrity and in compliance with the laws

The Company persists in operation complying with the laws and integrity, through complying with relevant laws and regulations, industry regulations and business ethics. We have established an all-rounded and seamless compliance system featuring legal education, strengthening internal control, audit supervision, anti-corruption and comprehensive risk management. We have created a lasting, effective and standard communication mechanism in order to regulate the disclosure of corporate information. We have taken the initiative in receiving government regulation and social supervision. In 2013, we continued to strengthen system construction, supervision and inspection, and made timely rectification when problems were discovered.

## II. Fulfilling our essential responsibilities as a telecom operator

China Telecom regards the construction of complete and comprehensive basic networks, developing universal telecommunications services, guaranteeing emergency communications, maintaining information health, promoting indigenous innovation and facilitating industrial development as our inherent responsibilities.

## Implementing the e-Surfing 3G network coverage in rural areas

Extensive areas of the rural territory in China have been covered by the 3G network of China Telecom. In 2013, the Company continued to improve the mobile networks in rural areas as well as the road network. As at the end of 2013, the 3G network covered 35,400 rural towns, enabling more residents in rural areas to use information services via the 3G network.

## Promoting the “Broadband China • Fibre Cities” project

As a key player for constructing China’s broadband network, during the three consecutive years since 2011, China Telecom further accelerated the construction of broadband infrastructure by promoting the FTTH construction in urban areas and applying customised techniques in broadband network construction in rural areas to speed up the installation of broadband lines in administrative villages.

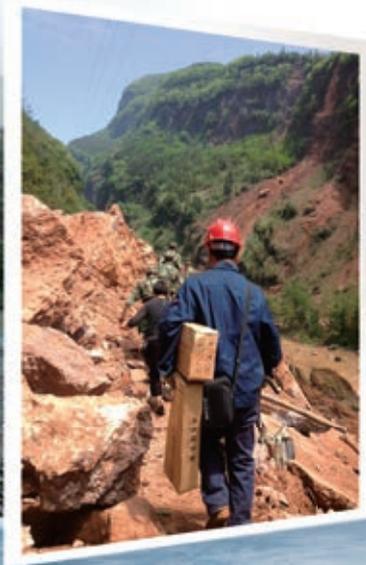
As at the end of 2013, the coverage of China Telecom FTTH reached approximately 84 million households. The number of FTTH subscribers was close to 27 million. The number of wireline broadband subscribers was over 100 million. Over 290,000 administrative villages in 21 provinces in Southern China installed broadband lines. 80% of China Telecom wireline broadband subscribers used bandwidth products with 4Mbps or above.

### Progressing the “Village-to-Village” projects

China Telecom continued the implementation of the “Village-to-Village” projects to speed up the construction of service outlets in rural areas and raise the standard of informatisation for township governments, agricultural enterprises and individual farmers and bridge the digital divide between cities and the countryside. In 2013, the installation of broadband lines in over 6,800 administrative villages and over 1,600 natural villages was completed.

### Securing emergency communications

China Telecom is dedicated to securing smooth national communications. In 2013, there were a number of natural disasters in China, such as the Ya’an earthquake, typhoons and floods. The Company quickly responded and took initiatives to restore communication services in the affected areas. Throughout the year, a total of 118,600 counts of relief workers, 27,500 counts of rescue vehicles and 1,300 counts of emergency communications equipment were deployed for this purpose. A total of 4.2 billion free SMS messages were sent. The Company successfully accomplished the communications support tasks of important events such as the Chinese National Games, Asian Youth Games, China-Eurasia Expo and China’s Antarctic expedition.



Mr. Wang Xiaochu, Chairman of the Company, led the disaster relief works against the earthquake

The relief team of China Telecom carried equipment and tools for emergency relief works

### III. Fulfilling our responsibilities towards our customers

Adhering to our operation philosophy of “pursuing the mutual growth of corporate value and customer value”, and the service philosophy of “Customer First, Service Foremost”, China Telecom strives to protect the interests of customers according to the law. The Company also strives to understand our customer needs and provide suitable, easy-to-use and value-for-money products for all our customers, including individuals, households, corporations, government or social undertakings. With customer perception as a starting point, the Company continues to perfect our service and enhance its service quality, so as to enable our customers to fully enjoy a new informatisation lifestyle.

#### Implementing the campaign to tackle common service issues

In 2013, in association with the mass line education and implementation campaign, along with the correction of unwholesome tendencies in the industry required by the Ministry of Industry and Information Technology, China Telecom rectified a number of common service issues, enhancing service management and improving the long-term mechanism against these issues.

In response to customer complaints about the business practice of some of the subsidiaries of the Company such as involuntary service suspensions, compulsory bundled services and forced subscription, China Telecom carried out a series of measures to enhance its control and management. By increasing our efforts in centralising and marketing packages, the Company tackled the issues from the source. We also overhauled the provisions in our promotion package plans or other additional plans, the security settings of the related marketing systems and the access control systems, and rectified issues immediately after they were discovered. The Company regulated the marketing of

value-added services, prohibited forced subscription, strictly applied the re-confirmation for services, and imposed strict and severe punishment on violators. In addition, the Company required the sales outlets to ensure the sales of single product, and banned the practice of product bundling.

In response to customer complaints about the major problems in the installation and maintenance of broadband lines, China Telecom implemented a series of measures to regulate the provision of these services. The Company enhanced the management of installation and maintenance services to ensure timely delivery of such services. With a better allocation of resources, the Company managed to improve the booking system, and bring in more efficient service providers to better support and improve the work flow. The standardisation of the installation and maintenance service providers was implemented to improve the quality of their services. Metrics related to customer perception of the quality of the installation and maintenance services were improved to better evaluate service quality and to align the performance of the installation and maintenance service providers with customer perception.

In the 2013 customer satisfaction assessment organised by the Ministry of Industry and Information Technology, the broadband and 3G Internet services provided by China Telecom were recognised as having maintained a leading position in the industry. Our internet service was awarded the “Best New Media Service” for the year by *China Business News*. Our Weibo customer service was shortlisted for the “Top Ten Weibo Operations” by the State-owned Assets Supervision and Administration Commission of the State Council. China Telecom was named among the “Top Ten Units of Customer Service” in the Sixth Congress for the Assessment of After-sales Services in the country organised by the China General Chamber of Commerce and the China Foundation of Consumer Protection.

## Promoting informatisation in primary and secondary schools

In 2013, our operations at all levels took the initiative to contact primary and secondary schools in respective regions and provided a range of solutions for schools in various areas, including the construction of informatisation infrastructure at primary and secondary schools, informatisation of education management, provision of digital education resources services, construction of and training for the professional team for the informatisation of education, launch of pilot testing programmes for the informatisation of education and the research and development of information technology and the promotion of the use of IT solutions and applications.

During the year, the Company installed a total of 27,000 new broadband lines and upgraded 36,000 existing ones at primary and secondary schools to further promote the “school-to-school” broadband connection. To fulfill the schools’ needs to share quality education resources among different classes, the Company introduced the use of the “class-to-class” application. In addition, the Company worked together with the education departments to promote the “people-to-people” internet learning space and implement the construction and operation of the cloud computing platform for digital education resources. The Company also worked together with the education departments to launch an informatisation training programme for teachers and professional teams to improve the IT skills of people working in elementary education units. One of the major campaigns “10,000 roadshows for campus informatisation” served more than 100,000 teachers in the region. The Company also supported the education departments in their pilot testing programmes for informatisation of education and helped to complete the construction of more than 4,300 “smart campuses”.

## IV. Fulfilling our responsibility towards our employees

We consider our employees to be our most valuable resource. The Company adheres to the principle of respecting people and cherishing every employee. We value various types of professional and technical staff and seek to align the development of the Company with the staff. In accordance with relevant state laws and regulations, we safeguard the interests of our employees and focus on the establishment of harmonious labour relations. We support labour unions in carrying out their functions and encourage our employees to participate in management and protect their rights to be the master of their own affairs.

In 2013, we continued to carry out production safety publicity and provide education and training to implement our production safety accountability system and safety management system. We continued to improve the working and living conditions of our frontline employees by expanding the coverage of the “Four Smalls” initiative, namely, small canteens, small bathrooms, small washrooms and small activity rooms at the workplace, which will be extended to other frontline units such as the sales outlets, “10000” call service and the installation and maintenance service providers. The Company persisted in determining employees’ remuneration based on their value and contribution and continued to tilt in favour of frontline employees, which resulted in the steady increase of their income.

In 2013, we increased our efforts in staff training to fulfil the strong development needs arising from our business expansion, with the number of attendees for professional training increased by 6.2% from 2012. The Company provided more support for the training of frontline employees and launched the campaign

to deliver training to frontline employees, with a focus on training the frontline employees in marketing units, especially managers in our county offices, in order to enhance their management skills. The Company trained and accredited employees responsible for frontline marketing and services, installation and maintenance as a total of 82,000 counts of employees went through the accreditation process. The Company organised a number of skills competitions and set up multi-level innovative workshops to establish an on-the-job innovation platform to encourage our employees to improve their innovative and technical skills. Employees were also encouraged to share their knowledge, experience and skills, and help each other to improve their technical skills and practical experience. Caring for the spiritual well-being of our employees, the Company established the “China Telecom Employees’ Honours System”, a system that contained different classes of honours with extensive coverage. Being both guidance-driven and sustainable, the system aimed to increase the employees’ own values and encourage them to continue to pursue excellence.

China Telecom continued to provide the best support for our employees who were in difficulty. The Company set up a permanent mechanism to offer comfort to its employees, with a support mechanism to help all employees who might be from different regions and in different situations to solve their practical difficulties and problems. In 2013, the Company launched a campaign to raise over RMB22 million for employees in Ya’an, Sichuan, who were affected by the earthquake.

## V. Fulfilling our responsibility towards the environment

China Telecom has established the concept of “Low-Carbon Telecommunications and Environmentally Friendly Development” and is committed to being an “Environmentally Friendly Integrated Information Service Provider” by further promoting energy saving and emission reduction in the areas of procurement, construction and operations.

In 2013, we accelerated the promotion of an energy consumption monitoring system. With the sub-division of performance evaluation units, the Company examined energy usage in greater detail and applied norm management to improve the precision management of energy saving and emission reduction. We steadily promoted operations under an increased temperature in our facilities, raising 55% of our mobile network base stations to 28 or 30 degrees Celsius and thereby saving more than 100 million units of electricity for the year. We continued to upgrade the technology to reduce energy consumption in our infrastructure. During the year, we built around 4,000 intelligent ventilation units, and completed the construction of approximately 6,000 sets of e-green power switches and approximately 1,500 intelligent heat transfer devices. Energy saving technology was used in 41% of our facilities, 9 percentage points higher than 2012 with around 150 million units of electricity being saved for the year. The Company comprehensively promoted a more energy-saving and reliable 240V DC power supply system, with more than 400 units put in use in 2013. Energy consumption in our telecommunications networks was effectively controlled during the year.

In addition to the promotion of environmentally friendly operations, the Company continued to develop and promote the environmentally friendly information products to help our customers' energy saving and emission reduction, as well as our environmentally friendly development.

Furthermore, to avoid redundant construction and improve the efficiency of telecommunications infrastructure, the Company cooperated with its parent company and various telecommunications operators to jointly construct and share the Internet infrastructure. It also helped to protect the natural environment and landscape, and reduced the use of land, energy and raw materials.

## **Implementing Energy Performance Contracting**

Energy Performance Contracting, or EPC, is a new market mechanism for energy saving operations, whereby the fees saved by lower usage of energy are used to pay all the costs of the energy saving project.

In 2013, the Company achieved a new breakthrough in upgrading the technology to save energy by utilising EPC, while effectively supporting the upgrade of its infrastructure and network equipment. As at the end of 2013, 19 provincial branches of China Telecom deployed external funds of approximately RMB170 million for 382 EPC projects, saving approximately 77 million units of electricity for the year.

## **VI. Contributing to Community Well-being**

China Telecom was consciously involved in social welfare undertakings. Through various forms of public service activities, we supported the development of science and technology, education, culture, sports and health undertakings, cared for vulnerable groups in society and helped those in distress and poverty. We advocated and encouraged our employees to foster the volunteering spirit and participate in various forms of voluntary service activities. In 2013, we continued to assist our parent company with promoting poverty alleviation and assistance in Tibet. We participated in a variety of assistance programmes in Bianba County, Tibet, and in Yanyuan County and Muli County, Liangshan Yi Autonomous Prefecture, Sichuan.

The Company assisted with projects in relation to infrastructure construction, informatisation, education and training, agriculture, health and science and technology. Together with the Ministry of Education, the Company jointly launched a campaign known as “e-Surfing School Care for the Unattended Children” together with mainstream media to raise public awareness of unattended children, covering two million unattended children scattered in 4,000 schools in eight mid-western provinces.

In 2014, China Telecom will proactively take the initiative to develop a coordinated approach to fulfil its responsibility towards its stakeholders. As an integrated information service provider, we will help to improve the livelihood of the people, implementing industrialisation, informatisation, urbanisation and agricultural modernisation. We will assist with restructuring and developing the national economy, while using our best efforts to create value in our business for stakeholders. We will also strive to make new contributions to the sustainable development of our economy and society.

China Telecom successfully commenced the e-Surfing 3G services in the Antarctic

